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THE LENAPE RESOURCES CORPORATION

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Dockets Unit, Room 8417
Research and Special Projects Administration
U.S.DEPARTMENT OF TRANSPORTATION
400 Seventh Street SW
Washington, D.C. 20590

RSPA-98-4868-40

Re: 49 CFR Part 192
[Docket No. PS-122, Notice 1]
GAS GATHERING LINE DEFINITION

As Senior Petroleum Engineer of a western New York gas producing company and operator of over 250 wells, I only recently became involved in examining the latest notice of the proposed definition of "gas gathering line" as described in the September 25, 1991, Federal Register, for its impact on my company's operations. This was my first encounter with what I've since learned has been a troublesome issue for quite some time. Because of the maturity of the problem, I'm a bit uncomfortable offering the comments that follow and an "eleventh hour" proposal of what I believe is an obvious solution that would cause everyone to rethink the past seventeen years of work and debate over this controversial issue.

It occurred to me during my review, that the problems being experienced in developing a definition that's satisfactory to the DOT, to gas production and pipeline companies, and to all other agencies and interested parties, are a result of the collective misuse of the term "gathering line" to describe the only other available pipeline classification you've chosen to provide beyond "transmission line" and "distribution line". The main problem with the term "gathering line" is that it is too descriptive and so carries with it certain connotations about functionality that do not apply to all of a producer's non-transmission and non-distribution pipelines.

I propose that you give serious consideration to abandoning your continued attempts at defining "gathering line" and substitute the term "PRODUCTION FLOWLINE"' to most correctly identify this third group of pipelines in the trilogy of classifications. This would allow a more descriptive and natural progression of classification: production -> transportation -> distribution, thereby being much easier to comprehend and hence define. Gathering lines, if one so chose to continue using the term, would simply describe one specific type of production flowline.

I will attempt below to explain why I believe this misuse of terminology, by being too descriptive, has been the cause of the prolonged debate, and how the use of the term "Production Flowline" would once and for all allow for a clear definition and the straightforward administration of regulations as required.

In reviewing the indexes and glossaries of my petroleum engineering textbooks and various other industry publications, I concluded that "gathering line" has become a term conveniently used in more recent years to generically (and hence imprecisely) describe all of a producer's pipelines not otherwise classified as transmission or distribution. In fact, a "gathering line" (if one exists at all) simply describes a segment of production **flowline** that's part of a larger network of flowlines the oil and gas industry has historically called a "gathering system", nothing more, nothing less.

Following definition by Webster **[etal]** for aather, that being to collect or bring together, a sathering system as most commonly known (acknowledging that there are numerous variations), serves the specific purpose of interconnecting any number of a producer's wells (more than one) in an economical network of flowlines that systematically converge upon a single, usually larger **flowline** that leads to a point where the produced products can be used, marketed or even commingled with other gathering systems. Gathering systems may or may not have at various points along the system, "production oriented facilities" that **collect** the produced products for any number of reasons that may include storage or processing required to prepare the product for market or improve the operator's ease or safety in its handling. Additionally, a gathering system does not always operate at low pressure as commonly believed, as would be the case if the connected wells had high **wellhead** flowing pressures.

Although the majority of pipelines operated by a producer may be production flowlines contained in gathering systems, a producer often operates other flowlines which have distinctly different functions without being transmission or distribution lines in the regulatory context. As an example, a **flowline** that services a single well that runs separately to a marketing point is not part of a gathering system in the strictest sense so it cannot correctly be called a gathering line, yet it performs an identical function of moving the produced product to market. An operator may also choose to install pipelines that interconnect one or more of his production flow networks to afford him the versatility of multiple marketing points. These *'transfer" flowlines operate identically to the initial main gathering line of each individual network in providing a flow route to a market point. The transfer lines are also not gathering lines, but nor are they transmission or distribution lines. Use of the term "production flowline" in these cases however, is more than adequate to allow their classification as something other than a transmission line or a distribution line, which I believe is the true intent behind this definition controversy

It is these other producer pipelines that have been providing the source of discussion and debate over pipeline classification and it clearly shows the inadequacy of the term "gathering line" as a pipeline classification name. I truly believe that so long as "gathering line" continues to be used, this issue of pipeline classification will not be fairly resolved, which would be unfortunate considering the good intentions and dedication of all parties **who've** debated the issue over the years.

A "production flowline" classification also minimizes if not eliminates the complexities that were previously added by custody transfers that occur when a producer markets his gas by tying into another producer's "gathering system", as the entire network of pipelines is still comprised of production flowlines. However, the use of custody transfers in determining effective endpoints of production flowline systems is still viable, provided the custody transfer is made to o:ne of the following entities: An end-user; a gas storage facility; a gas processor; a local distribution company; or an interstate pipeline.

To further help determine how much of a pipeline system can be called "production flowlines", a simple "acid test" can be applied, wherein one only needs to answer the following question:

> "If all of the wells in the primary "production field" and any adjacent fields that supply the gas flowing through the line in question were eliminated, how much of the pipeline could be removed as unnecessary?

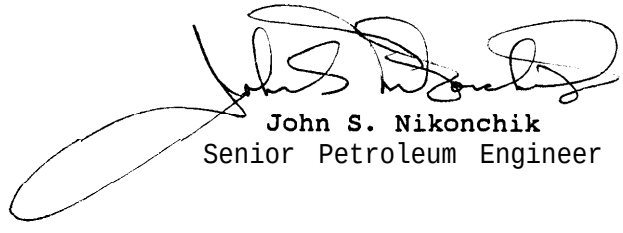
Any pipelines that are identified in this manner can only be classified as "production flowlines", because they serve no other purpose.

To demonstrate this, I refer back to the present definition that fixes one possible endpoint of a "gathering line" as the inlet to a gas processing plant. If the plant was installed later along the main production flowline connecting a multi-well field with a marketing point, to process only the gas from that field, the present definition would wrongfully classify the segment of pipeline from the plant's outlet to the original marketing point as a "transmission" line, yet in defense it would sound silly to continue calling it a "gathering" line. If on the other hand we apply the above test, and the field supplying the gas being processed were eliminated, the entire flowline out to the original marketing point, including the processing plant, becomes unnecessary. Hence, the entire pipeline system would still be classified '*production flowlines", with no ambiguity or dispute over functionality.

This is not to suggest that all pipelines classified in this manner as "production flowlines" are to be free from regulatory control by the DOT, etc. And for the same reason, nor am I advocating regulatory control over all pipelines that are otherwise classified as transmission or distribution lines. My reason for this is the additional issue of a gas pipeline's operating pressure. Since the DOT's primary concern is one of public safety, it would seem logical to include threshold criteria based on various parameters that include pressure to determine whether any one of the three classifications of pipelines should be regulated by the DOT in the absence of existing regulation by state PUCs. As proposed by various other producers responding to this invitation to comment, my company also recommends that this threshold be set, whereby pipelines operating at pressures of 125 psig or less with a coincident hoop stress of 20% or less of their specified minimum yield strength (SMYS) be exempted from regulation by the DOT.

In all, I believe you will find these suggestions could truly help overcome many if not all of the hurdles encountered in finalizing the issue of defining the class of non-transportation and non-distribution pipelines, and I thank you for the opportunity to express my views on this subject. If there arises a need to talk with me, I can be reached during normal working hours at (716) 344-1200, otherwise you may write to me at our letterhead address.

Sincerely,



John S. Nikonchik
Senior Petroleum Engineer

cc: **J.Holko**